

# The New Retail Distribution Playbook

Changing behaviors and evolving demands:  
Six key steps for asset managers in today's market



Ready for Next





Distribution leadership can take smart steps now to drive a more profitable future. This paper provides unique, data-driven insights on the changing investment landscape—and the actions that can help asset managers succeed.

## THE GAME IS CHANGING. ARE YOU?

### ASSET MANAGERS OPERATE IN A MARKEDLY DIFFERENT WORLD TODAY

Advisors are embracing a new work-from-home model, requiring greater digital engagement. Increasingly, they favor packaged investment vehicles which help them allocate more time to clients while balancing fee pressures and the need to differentiate their practices.

At the same time, a younger and more financially diverse set of investors is raising questions about cryptocurrency, ESG, alternative investments and more. This creates opportunities for asset managers to offer a wider selection of products—and the tools to educate advisors and investors alike.

Stepping up to our evolving market reality requires the right application of data, content, products and engagement. Here, Broadridge outlines six key actions to consider in charting your path to success.

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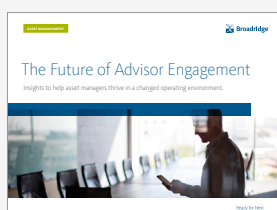


## METHODOLOGY

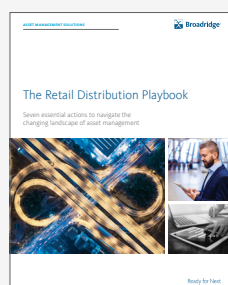
The New Retail Distribution Playbook takes a deep dive into three critical factors impacting asset managers: the engagement process, product preferences and the content machine. It is based on original research drawn from extensive industry expertise and systems at Broadridge,

capturing assets and fund flows across 95% of mutual funds and ETFs sold through financial intermediaries. It also leverages data trends across this and four additional Broadridge research studies conducted among advisors, investors and marketers.

### The Future of Advisor Engagement >



### The Retail Distribution Playbook >



### Uncovering the Product Preferences of Today's Advisors >



### Building a Better Marketing Engine for Asset Management >





## SECTION 1: THE ENGAGEMENT PROCESS



The dynamics of advisor engagement appear forever changed, requiring asset managers to recalibrate their balance of marketing and sales. Our research finds three essential trends driving these requirements.



Remote is here to stay—  
but handshakes still  
hold value.



A new generation  
of investors brings  
new priorities.



Technologies can power  
more personalized,  
targeted engagement.

### REMOTE IS HERE TO STAY

Most advisors now favor a hybrid approach, balancing remote and in-office work. Going forward, more than half plan to work from home part time or more. They express confidence in this approach, anticipating that most investors will be satisfied without any in-person interaction.

This shift in advisor business practices challenges asset managers. They must become more adept at using digital marketing channels to provide advisors with virtual tools and content they can share with their investors.

**6 in 10** advisors plan to work  
from home at least part time

**8%**  
Work exclusively  
from home

**53%**  
Work from  
home part time

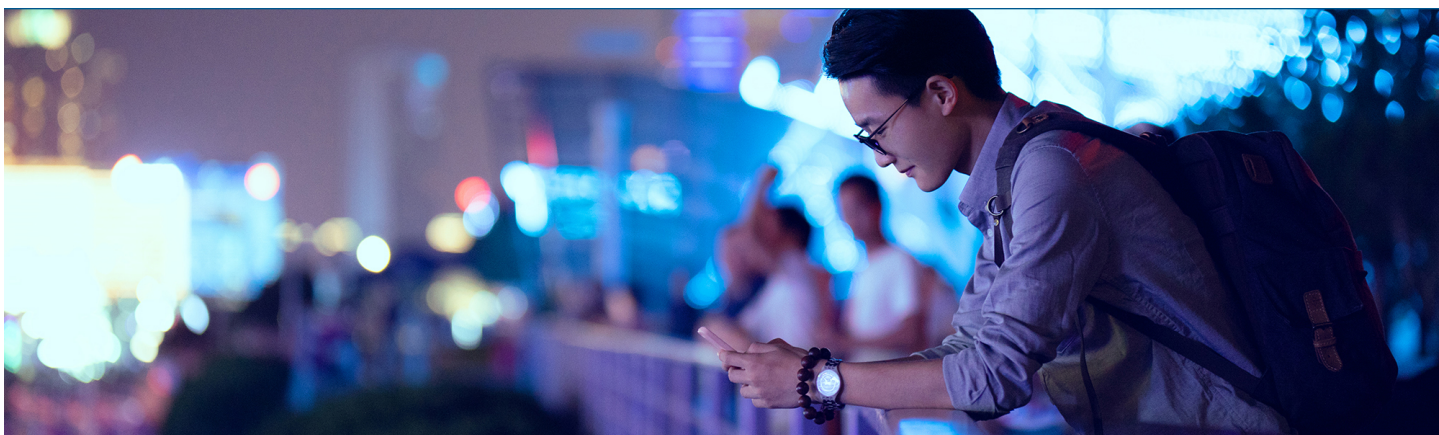


**39%**  
Work exclusively  
in the office

Strategically rethink your service model to better focus wholesalers and marketing teams—and become more fluent in technologies that drive analytics. To target effectively, asset managers must first identify their ideal advisors, then utilize segmentation methods to determine who, when and how to engage.

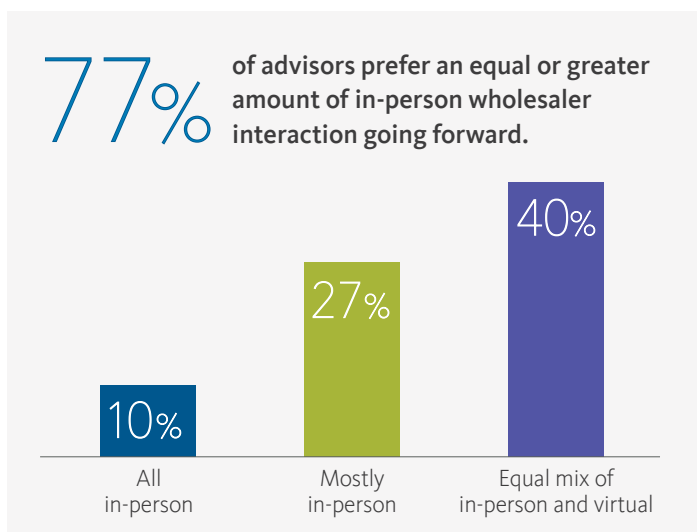
**ACTION  
1**





## HANDSHAKES STILL HOLD VALUE

While there's an increase in working from home among advisors, 77% prefer that some or all their wholesaler interactions occur in person, underscoring the enduring value of face-to-face interaction. Even with the shifts taking place, in-person engagement continues to be vitally important for wholesaler interactions.



A majority of advisors prefer to learn about new investment opportunities through external wholesalers and emailed content, indicating that both personal and digital touches are essential. To capitalize on these preferences, the asset manager's marketing goal here is twofold:

- Help wholesalers engage in person where and when their efforts can be most fruitful.
- Support wholesaler efforts with broader, highly targeted digital campaigns that engage prospects and deepen relationships.

Knowing advisor interests, targets and communication preferences will allow asset managers to personalize the journey in a cadence that makes sense.

\* [broadridge.com/infographic/wealth-management/focused-on-growth-benchmark-study-unveils-key-factors-in-advisor-success](https://broadridge.com/infographic/wealth-management/focused-on-growth-benchmark-study-unveils-key-factors-in-advisor-success)

## A NEW GENERATION OF INVESTORS BRINGS NEW PRIORITIES

A massive generational wealth transfer is underway. Yet few advisors (13%) say that Millennials are their primary new business target.\*

These younger investors are more inclined to engage digitally. They tend to be eager for advice and are interested in being involved in the investment selection process. Equipping advisors with the right virtual tools and content can make a difference in their ability to engage these investors.

Asset managers can help support advisors' tailored virtual interactions, establishing their place as trusted partners.

## LEVERAGE TECH FOR SUCCESS

It pays to personalize engagement journeys with content and connections that align with advisors' preferences and key prospects. This requires enriched, detailed data to help determine which advisors to target, when to target them and the types of investors they're targeting. Today's technologies power analytics that can refine those journeys, making each contact more valuable and cost-effective.

Customer journey optimization requires a single source of truth in the data. Marketing and sales should collaborate to inform this single view—and data reconciliation capabilities will be key. With a holistic view of advisors, asset management firms can better inform resource allocation and internal coordination across teams.

**ACTION  
2**

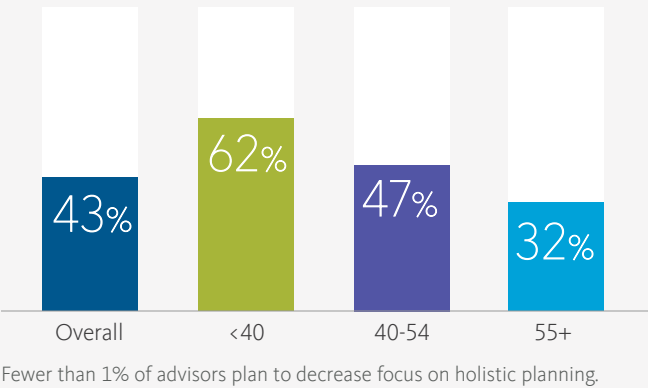
## SECTION 2: PRODUCT PREFERENCES

Two divergent trends call for asset managers to consider refocusing engagement on certain existing products—and expanding their product shelves.

- Increased fiduciary scrutiny, time constraints and fee pressures lead advisors to focus on providing more holistic advice. They favor products that free more time for client interaction.
- Heightened focus on environmental, social and governance concerns (ESG) and alternative investments (alts) has sparked investor interest.

As advisors focus more time on marketing and holistic advice, packaged solutions requiring less time grow in appeal.

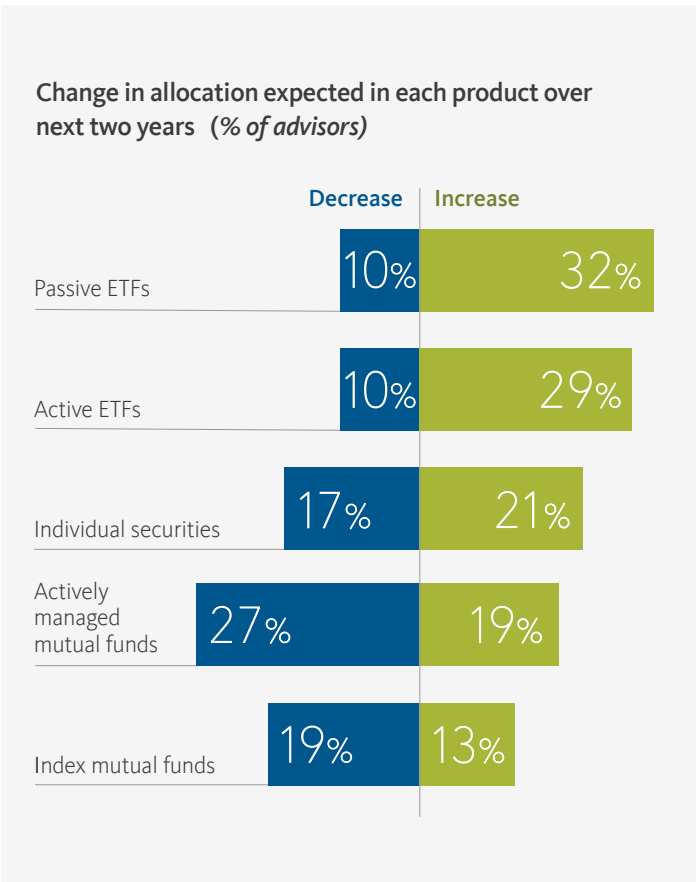
Plans to increase holistic planning by advisor age group (% of advisors)



### PRODUCTS FOR TODAY'S PRACTICE

#### ETFs see rapid growth.

Due to their liquidity, ease of trade and lower cost than mutual funds, ETFs continue to see the biggest allocation shift.



#### SMA's continue to attract advisors.

The customization and transparency of separately managed accounts (SMAs) continue to lure investors. The introduction of fractional shares and reduced minimums will add to their appeal.

SMAs simplify and accelerate investment selection, freeing up advisor time. SMA usage jumped from 63% in Q3 2021 to 69% in Q1 2022; the latter includes 77% of advisors under age 40.



As advisors become more focused on providing client-centric experiences, they'll need the right tools and products to be successful. Where possible, assume an agnostic approach to wrapped products while leveraging your firm's intellectual capital across ETFs, SMAs and models.

**ACTION 3**

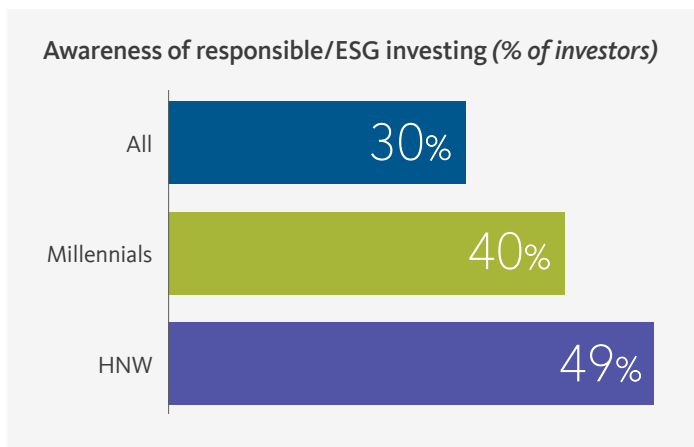


## PRODUCTS FOR TODAY'S INVESTOR

Current events, information access and technological advances combine to create opportunities for a wider range of investors. With this so-called “democratization of investing,” there is expanded investor interest in product innovations—and advisors require the products and insight to address this new demand.

### ESG: A missed opportunity?

Driven by climate change, diversity and social justice issues, a growing number of investors demonstrate awareness of ESG and an appetite for values-based investing.



Nearly two-thirds (62%) of investors say they find the concept of ESG appealing after being presented with a brief description. Yet relatively few advisor-investor conversations have taken place.



Asset managers can take the lead here, offering attractive ESG products while providing the tools to educate advisors and investors alike.

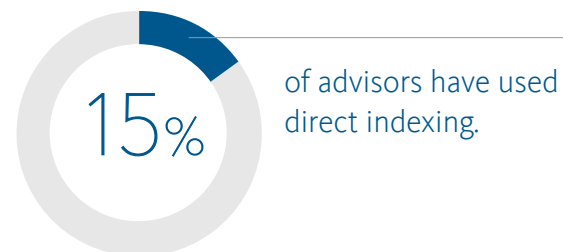
### Cryptocurrency: a hot topic

Advisors may be missing an opportunity on cryptocurrency as well. Among investors with an advisor relationship, only 21% say they have discussed crypto with their advisor, while an additional 30% say they have not but would like to. From the advisors' point of view, only 5% say they are using cryptocurrency, but 47% would be likely to use a cryptocurrency ETF if available. Whether advisors use crypto or not, helping educate their clients about the topic can be important.



### Direct indexing: The next “new” thing?

Most advisors (84%) are aware of direct indexing. Among those, 15% have used it and nearly half are considering it.



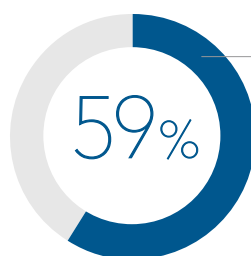
Understand where your solutions fit within the ecosystem and where you have an opportunity to add new products. In addition to a robust selection of packaged products, consider how you can integrate ESG and direct indexing into your offerings. Asset managers who can address an advisor's full range of product needs are more likely to retain the relationship.

**ACTION  
4**



### A NEW ROLE FOR ALTS

Democratization of financial services has made it easier to transact across all investment opportunities. Alternative investments, once reserved for hedge funds, institutions and high-net-worth individuals, are now more readily available to a wider range of investors. Market uncertainties add to the appeal of alts for diversification.



More than half of financial advisors use private fund/alternative products



#### ACTION 5

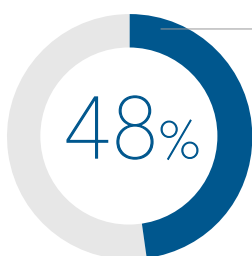
Explore alts: How might they best fit within your offerings? Could they be a differentiator? For example, there are a growing number of Alternative ETFs—would those increase your appeal to advisors? Develop your point of view and educate your team.



## SECTION 3: THE CONTENT MACHINE



A strong digital presence is key to strengthening existing advisor relationships and forging new ones. Armed with robust data and a product array that aligns with burgeoning market interests, the last puzzle piece is the content that captivates advisors and helps them educate investors effectively.



of advisors say a new asset manager can try to win their business without any in-person interaction.

Base: Advisors who interact with wholesalers

Digital engagement is clearly important, but it must be data-driven and carefully aligned to advisor preferences, interests and needs.

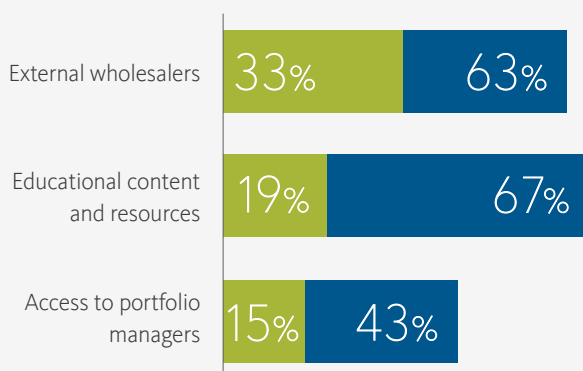
### THE RIGHT FORMATS, TOPICS AND CADENCES MAKE A DIFFERENCE

Data can help determine who to target, what information to share, which vehicles to use and how frequently to engage with content.

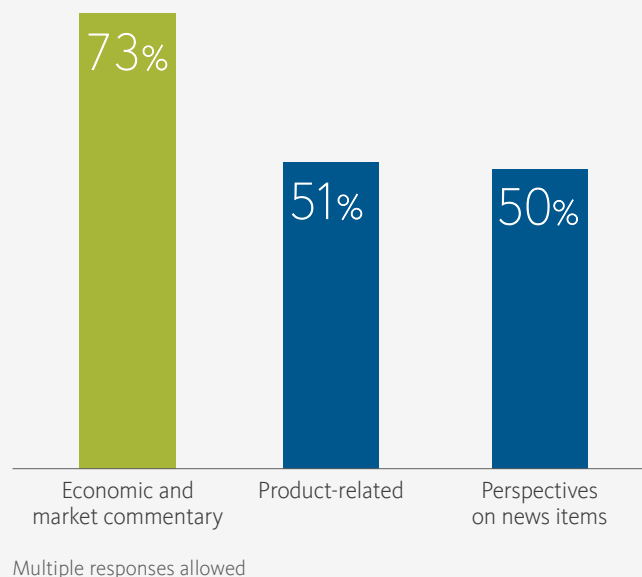
The largest percentage of advisors (35%) prefer to receive an email once a week from their top asset manager. Advisors prioritize economic and market commentary emails.

#### Most valuable resources from asset managers

■ Ranked #1 ■ Total ranking top 3

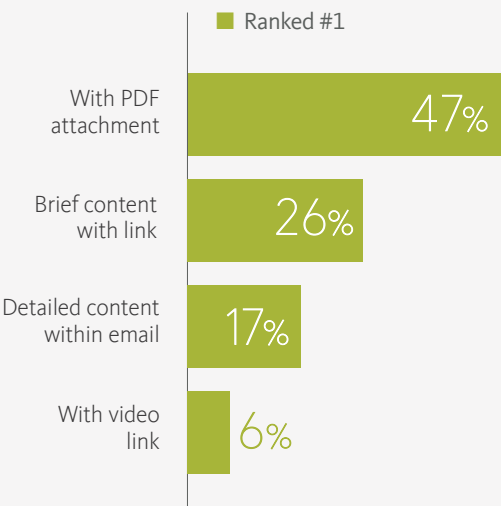


#### Types of asset manager emails advisors prioritize to read (% of advisors)



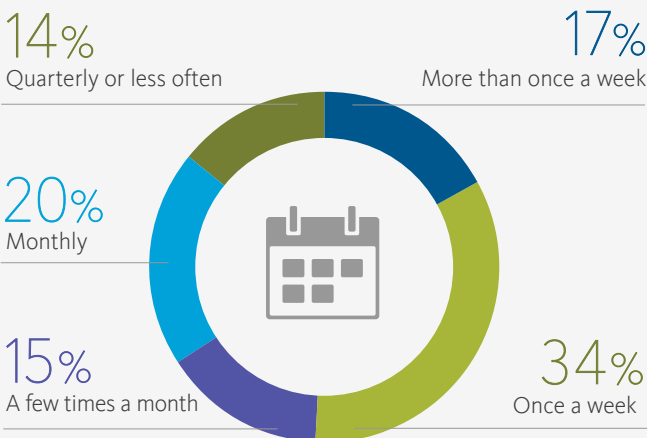
Advisors vary in the way they prefer to receive content via email. Nearly half (47%) prefer emails with PDF attachments. Another quarter (26%) prefer brief content with a link. Detailed content within an email (17%) and emails with video links (6%) are less popular.

Preferred email format for receiving economic and market commentary



Advisors also prefer to be engaged at differing frequencies—paying heed to these preferences can help to strengthen engagement.

Ideal frequency for receiving economic and market commentary



**THE BEST EDUCATIONAL CONTENT SERVES TWO AUDIENCES.**

Advisors prefer dual-purpose educational content that will inform them and help them to educate their clients. Such materials can be a significant time-save for both asset managers and advisors.



Expand your content machine to focus on unique capital markets insights. Help advisors educate their clients by developing regular thought leadership around crypto, ESG and direct indexing.

**ACTION  
6**



## STAY AHEAD OF THE LATEST TRENDS

*“A changing distribution landscape calls for rethinking advisor engagement across several dimensions:*



*Adding more digital capabilities*



*Aligning more targeted content to areas of interest*



*Expanding the wrappers around investment solutions to capture a wider audience*

*This will help asset managers connect more effectively and strengthen advisor relationships.”*

—MATT SCHIFFMAN, PRINCIPAL, DISTRIBUTION INSIGHT BROADRIDGE FINANCIAL SOLUTIONS

Innovative offerings and engagement can help asset managers increase wholesaler effectiveness, invigorate advisor relationships and improve marketing ROI.

### **BROADRIDGE CAN HELP**

Broadridge Distribution Insight delivers the analytics and strategic expertise asset managers need to stay in front of fast-moving trends and make more informed decisions. Partnering side by side, we'll help create a distribution strategy to execute on every opportunity.

### **EXPLORE THE BROADRIDGE DISTRIBUTION INSIGHT PLATFORM**

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